

July 11, 2002

Ms. Cheri Davis  
Project Manager  
California Energy Commission  
1516 Ninth Street  
Sacramento, CA 95814

Subject: CEC Docket No. 01-AFC-04, East Altamont Energy Center  
Comments on CEC Staff's Proposed Air Quality Mitigation

Dear Ms. Davis:

Thank you for the opportunity to comment on the above proceedings. The San Joaquin Valley Air Pollution Control District (District) has reviewed the CEC Staff's proposed air quality mitigation measures, dated June 27, 2002. We commend the CEC for recognizing that additional mitigation is required for the impact the proposed plant will have on the San Joaquin Valley. Our comments on the staff's Air Quality Mitigation proposal are as follows:

The possible mitigation measures that will ultimately be implemented shall not be limited to those contained in the current staff proposal. Our vast experience in implementing mitigation measures through various grant/incentive programs has shown that other measures are available with significantly greater effectiveness than those contained in the staff proposal. Attachment 1 is summary of various emission reduction programs implemented by the District including the associated cost, emission reduction, and cost effectiveness for each program.

Given the District's vast experience in implementing effective emission reduction programs we suggest that the District be charged with administering local mitigation measures for this project including the responsibility for evaluating the effectiveness and worthiness of specific measures. We welcome formal CEC oversight and reasonable public participation in awarding funds to emission reduction projects proponents and subsequent tracking and reporting on the selected measures.

We suggest that the mitigation plan include a list of possible feasible control measures including availability and potential for future reductions. The District,

then with CEC oversight and public participation would award funds, on a first-come-first-served basis to projects that are most effective in reducing emissions in an expeditious fashion. Great preference will be given to projects in Tracy area and the Northern Region of the Valley. Our experience shows that a competitive process aimed at funding the most cost-effective measures is best suited for garnering optimum quantity of permanent reductions. We also believe that the mitigation plan should include a component requiring partial investment and ownership in the project by emission reduction project proponents. This will not only leverage the funds and provide for greater mitigation, it will also enhance the long-term success in maintaining the effectiveness and viability of the projects.

As long as the mitigation plan includes a process for scoring various measures based on their effectiveness in generating the greatest amount of reductions (i.e., a dollars/ton of reductions scoring mechanism), we have no objection to including all of the measures suggested by the staff in a broader list of possible control measures. However, we do not anticipate that some of the measures contained in the current staff proposal will survive a competitive process based on the effectiveness in reducing air pollution. For instance, little or no emission reductions can be expected from Mitigation Measures #5 or #6.

Concerning Mitigation Measure #1 (Page 2), it is unclear if you are looking for four (4) buses or two (2) buses. Additionally, it is unknown if transporting 1,200 people per day, each way, is a realistic estimate. To transport 1,200 people would require 25 bus trips, or a minimum of six (6) trips per bus during each rush hour period. Taking into account the time to load and unload each bus, the time to travel between each station and the freeway, and the traffic conditions on the freeway (especially once the town of Mountain House is built), being able to do at least six (6) trips per bus in a four (4) hour time period seems overly optimistic.

Concerning Mitigation Measure #7, this will only provide some mitigation if the ultra-low sulfur diesel fuel is used. We are not aware any mechanism to require the construction equipment to use this fuel. It appears that providing soot-oxidation catalysts for the construction equipment was left out of the measure (they are included in the emission reductions). Without the requirement for the catalysts, the fuel would not provide the required mitigation.

Additionally, the Air Resources Board may have a requirement in place for this fuel prior to the complete build-out of the Mountain House community. Therefore, the applicant would not be entitled to full credit for the reductions from providing this fuel over the course of construction of Mountain House.

For the emission reductions from the transit buses (page 3 to page 4), the estimated reductions appear to be overstated. At a minimum, the emissions from

the buses themselves must be subtracted from the reduced number of cars. Also, it seems likely that some of the 1,200 commuters (each way) would otherwise be carpooling or using some other alternate transport, and these commuters should be discounted from the reductions.

For the emission reductions from the school buses (page 4), it is unknown how realistic the staff estimates of the size and travel distance of each bus is. Getting this information from the school district would provide a better estimate of the reductions from replacing the buses. A competitive process as discussed earlier would allow for a case-by-case review and evaluation prior to awarding funds.

In calculating the reductions from the Mountain House construction equipment, a specific operating schedule was assumed, with no explanation if this is a reasonable assumption. It is unknown when full construction will actually begin, or if it will continue for a full 25 years. Therefore, the reductions attributed to this measure are purely speculative, as Calpine has no control over the construction of Mountain House, and the specified level of reductions may never occur. Again, a competitive process as discussed earlier would allow for a case-by-case review and evaluation prior to awarding funds.

Concerning the wood stove replacement (page 6), no data is presented that shows there are 540 wood stoves in the impacted area to replace. Without this documentation, it cannot be said that this mitigation is even possible. Nonetheless, a competitive process as discussed earlier would allow for a case-by-case review and evaluation prior to awarding funds.

Finally we believe that the mitigation program must acknowledge that Ozone and PM10 (to a lesser degree) are regional pollutants. While great preference should be given to emission reductions projects in the Northern Region of the Valley, due to the predominant wind direction mitigations downwind from Tracy should not be precluded.

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If you have any further questions regarding this matter, please contact myself at (559) 230-5900, or Jim Swaney, Permit Services Manager, at (209) 557-6400.

Sincerely,

Seyed Sadredin  
Director of Permit Services

SS:js

Enclosure

**SJVAPCD**  
**Mobile Source Programs**  
**Estimated Emission Reductions\***

<b>REMOVE Program</b>	<b>Emissions Tons (NOx, ROG, PM10)</b>	<b>Emissions lb (NOx, ROG, PM10)</b>	<b>Grant \$ Amounts</b>	<b>Cost Effectiveness* \$/Pound</b>	<b>Cost Effectiveness* \$/Ton</b>
92-93 Phase I	400	800,000	\$3,665,200	\$4.58	\$9,163.00
93-94 Phase II	525	1,050,000	\$4,773,814	\$4.55	\$9,092.98
94-95 Phase III	590	1,180,000	\$3,594,486	\$3.05	\$6,092.35
95-96 Phase IV	325	650,000	\$2,688,311	\$4.14	\$8,271.73
96-98 Phase V	360	720,000	\$5,309,952	\$7.37	\$14,749.87
98-99 Phase VI	104	208,247	\$2,556,403	\$12.28	\$24,551.64
99-00 Phase VII	304	607,640	\$2,422,741	\$3.99	\$7,974.26
<b>Total</b>	<b>2,608</b>	<b>5,215,887</b>	<b>\$25,010,907</b>	<b>\$5.71</b>	<b>\$11,413.69</b>

<b>Vehicle Buy-Back</b>	<b>Emissions Tons (NOx, ROG, PM10)</b>	<b>Emissions lb (NOx, ROG, PM10)</b>	<b>Grant \$ Amounts</b>	<b>Cost Effectiveness* \$/Pound</b>	<b>Cost Effectiveness* \$/Ton</b>
1995-96	325	650,000	\$1,000,000	\$1.54	\$3,076.92
1997-98	525	1,050,000	\$1,000,000	\$0.95	\$1,904.76
<b>Total</b>	<b>850</b>	<b>1,700,000</b>	<b>\$2,000,000</b>	<b>\$1.25</b>	<b>\$2,490.84</b>

<b>Heavy-Duty Program</b>	<b>Emissions Tons (NOx only)</b>	<b>Emissions lb (NOx only)</b>	<b>Grant \$ Amounts</b>	<b>Cost Effectiveness* \$/Pound</b>	<b>Cost Effectiveness* \$/Ton</b>
1997-May 2002	22,450	44,899,789	\$45,698,736	\$2.09	\$4,173.33
<b>Total</b>	<b>22,450</b>	<b>44,899,789</b>	<b>\$45,698,736</b>	<b>\$2.09</b>	<b>\$4,173.33</b>

<b>Lt. &amp; Med.-Duty Vehicle Program</b>	<b>Emissions Tons (NOx, ROG, PM10)</b>	<b>Emissions lb (NOx, ROG, PM10)</b>	<b>Grant \$ Amounts</b>	<b>Cost Effectiveness* \$/Pound</b>	<b>Cost Effectiveness* \$/Ton</b>
2001 - 2002	13	26,866	\$390,000	\$14.52	\$29,032.98
<b>Total</b>	<b>13</b>	<b>26,866</b>	<b>\$390,000</b>	<b>\$14.52</b>	<b>\$29,032.98</b>

<b>Lawn Mower Replacement</b>	<b>Emissions Tons (NOx, ROG, PM10)</b>	<b>Emissions lb (NOx, ROG, PM10)</b>	<b>Grant \$ Amounts</b>	<b>Cost Effectiveness* \$/Pound</b>	<b>Cost Effectiveness* \$/Ton</b>
2001 - 2002	23	46,000	\$477,000	\$10.37	\$20,739.13
<b>Total</b>	<b>23</b>	<b>46,000</b>	<b>\$477,000</b>	<b>\$10.37</b>	<b>\$20,739.13</b>

\* Emission reduction quantities are over life of project; they do not represent annual reductions.

Please note that beginning in 1995-96 vehicle buy-back was no longer included in the REMOVE Program.

A separate program for heavy-duty vehicle projects was established beginning in 1997.